November 14, 2012

PHILIPPINE STOCK EXCHANGE
Listing and Disclosure Department
Exchange Road, Ortigas Center, Pasig City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Subject: Vista Land & Lifescapes, Inc.: **SEC 17Q- September 30, 2012**

Gentlemen:

Please find SEC Form 17Q for September 30, 2012 filed with the Securities and Exchange Commission today.

Very truly yours,

BRIAN N. EDANG
Officer-in-Charge

COVER SHEET

C S 2 0 0 7 0 3 1 4 5
S.E.C. Registration Number

VISTA LAND & LIFESCAPES, INC.

(Company's Full Name)

LAS PINAS BUSINESS CENTER NATIONAL ROAD, TALON, LAS PINAS CITY

(Business Address : No. Street/City/Province)

Brian N. Edang
Contact Person

584-5730 loc 108
Company Telephone Number

1 2 Month **3 1** Day
Calendar Year

17-Q
FORM TYPE

0 6 Month **1 5** Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(B) THEREUNDER

1. For the quarter ended **September 30, 2012**

2. SEC Identification Number **CS-200703145**

3. BIR Tax Identification No. **006-652-678**

4. **Vista Land & Lifescapes, Inc.**
   Exact name of the registrant as specified in its charter

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. Industry Classification Code [ ] (SEC Use Only)

7. **3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City** **1746**
   Address of Principal Office Postal Code

8. **(632)-8065758**
   Registrant's telephone number, including area code

9. N/A
   Former name, former address and former fiscal year, if change since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of common stock outstanding
Common stock (as of 09/30/2012)	**8,404,830,614 (net of 133,910,000 Treasury Shares)**

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?

    Yes [x] No [ ]

12. Check whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)

    Yes [x] No [ ]

    (b) has been subject to such filing requirements for the past 90 days.

    Yes [x] No [ ]

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Vista Land & Lifescapes, Inc.
Consolidated Statements of Financial Position
As of September 30, 2012 and December 31, 2011
(In Million Pesos)

	Unaudited 09/30/2012	Audited 12/31/2011
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 18)	2,725	2,053
Short-term cash investments (Notes 6 and 18)	1,543	1,598
Receivables (Notes 7 and 18)	15,215	12,246
Real estate inventories (Note 8)	13,770	14,901
Other current assets	1,967	1,415
Total Current Assets	35,220	32,213
Noncurrent Assets		
Noncurrent receivables (Notes 7 and 18)	9,409	8,823
Available-for-sale financial assets (Notes 6 and 18)	41	41
Long-term cash investments (Notes 6 and 18)	4,872	4,976
Investment properties (Note 9)	3,693	2,292
Land and improvements (Note 8)	18,768	16,348
Investment in an associate	25	690
Property and equipment	301	179
Interests in joint ventures (Note 10)	1,624	1,645
Deferred tax assets - net	2	2
Other noncurrent assets	446	364
Total Noncurrent Assets	39,181	35,360
Total Assets	**74,401**	**67,573**
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts and other payables (Notes 11 and 18)	5,883	5,776
Customers' advances and deposits (Note 12)	3,697	3,188
Payable to related parties (Notes 16 and 18)	175	183
Income tax payable	178	52
Bank loans (Notes 13 and 18)	2,341	1,730
Loans payable (Notes 13 and 18)	611	738
Liabilities for purchased land (Notes 14 and 18)	1,455	1,080
Notes payable (Notes 15 and 18)	1,129	–
Total Current Liabilities	15,469	12,747
Noncurrent Liabilities		
Bank loans (Notes 13 and 18)	1,702	2,402
Loans payable (Notes 13 and 18)	2,058	1,711
Liabilities for purchased land (Notes 14 and 18)	706	458
Notes payable (Notes 15 and 18)	9,937	7,394
Pension liabilities	142	157
Deferred tax liabilities - net	1,901	2,015
Total Noncurrent Liabilities	16,446	14,137
Total Liabilities	**31,915**	**26,884**
Stockholders' Equity		
Capital stock (Notes 17 and 20)	8,539	8,539
Additional paid in capital	19,329	19,329
Retained earnings(Note 17)	15,128	12,943
Treasury shares (Note 17)	(510)	(122)
Total Stockholders' Equity	**42,486**	**40,689**
Total Liabilities & Stockholders' Equity	**74,401**	**67,573**

Vista Land & Lifescapes, Inc.
Consolidated Statements of Comprehensive Income
For the nine months ended September 30, 2012 and 2011
(In Million Pesos)

	Unaudited Jul-Sep Q3-2012	Unaudited Jan-Sep 2012	Unaudited Jul-Sep Q3-2011	Unaudited Jan-Sep 2011
REVENUE AND OTHER INCOME				
Real estate	4,078	12,154	3,288	9,904
Interest income	227	663	199	542
Unrealized foreign exchange gains	–	17	29	30
Miscellaneous - net	209	374	15	274
	4,514	**13,208**	**3,531**	**10,750**
COST AND EXPENSES				
Real estate	1,959	5,973	1,578	4,906
Operating expenses	1,018	2,888	853	2,391
Interest and financing charges	419	949	175	543
	3,396	**9,810**	**2,606**	**7,840**
INCOME BEFORE INCOME TAX	1,118	3,398	925	2,910
PROVISION FOR INCOME TAX	70	164	62	303
NET INCOME	1,048	3,234	863	2,607
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE INCOME	**1,048**	**3,234**	**863**	**2,607**
Net income attributable to:				
Equity holders of Vista Land & Lifescapes, Inc.	1,048	3,234	863	2,607
Minority interest	–	–	–	–
	1,048	**3,234**	**863**	**2,607**
Total comprehensive income attributable to:				
Equity holders of Vista Land & Lifescapes, Inc.	1,048	3,234	863	2,607
Minority interest	–	–	–	–
	1,048	**3,234**	**863**	**2,607**
Weighted average common shares	8,460	8,460	8,534	8,534
Basic/Diluted earnings per share	**Php0.12**	**Php0.38**	**Php0.10**	**Php0.31**

Vista Land & Lifescapes, Inc.
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2012 and 2011
(In Million Pesos)

	Unaudited 09/30/2012	Unaudited 09/30/2011
CAPITAL STOCK		
Common – P1 par value		
Authorized – 4,000,000 shares in February 28, 2007		
12,000,000,000 shares in May 23, 2007 and		
11,000,000,000 shares in November 24, 2010		
Issued – 1,000,000 shares as of February 28, 2007		
and 8,538,740,614 shares as of September 30, 2011	8,539	8,539
Preferred – P0.10 par value		
Authorized – P10,000,000,000 shares in November 24, 2010	–	–
Balance at end of period	**8,539**	**8,539**
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of period	19,329	19,329
Charges	–	–
Balance at end of period	**19,329**	**19,329**
RETAINED EARNINGS		
Balance at beginning of period	12,943	10,309
Dividends declared	(1,049)	(898)
Net income	3,234	2,607
Balance at end of period	**15,128**	**12,018**
TREASURY SHARES (Note 16)	(510)	(121)
	42,486	**39,765**

Vista Land & Lifescapes, Inc.
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2012 and 2011
(In Million Pesos)

	Unaudited Jul-Sep Q1-2012	Unaudited Jan-Sep 2012	Unaudited Jul-Sep Q1-2011	Unaudited Jan-Sep 2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	1,118	3,398	925	2,910
Adjustments for:				
Interest and other financing charges	419	949	175	543
Depreciation and amortization	42	106	16	52
Unrealized foreign exchange losses (gains)	–	(17)	(29)	(30)
Interest income	(227)	(663)	(199)	(542)
Operating income before changes in operating assets and liabilities	**1,352**	**3,773**	**888**	**2,933**
Decrease (increase) in:				
Receivables	(1,181)	(3,645)	(406)	(2,531)
Real estate inventories	183	1,453	(348)	30
Other current assets	(170)	(552)	(566)	(752)
Increase(decrease) in:				
Accounts and other payables	(352)	(449)	242	150
Customers' advances and deposits	303	509	126	963
Liabilities for purchased land	215	623	263	170
Pension liabilities	(13)	(15)	3	3
Cash provided by operations	**337**	**1,697**	**202**	**966**
Interest received	303	753	235	548
Interest paid	(713)	(1,432)	(806)	(1,084)
Income tax paid	(89)	(152)	16	(115)
Net cash provided by (used in) operating activities	**(162)**	**866**	**(353)**	**315**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of land and improvements	(540)	(2,420)	141	(624)
Additions to investment properties	(1,085)	(1,403)	–	–
Acquisition of property and equipment	(95)	(211)	(37)	(104)
Net collection from joint venture partners	84	21	279	307
Decrease in other noncurrent assets	(45)	(97)	(124)	(73)
Decrease (increase) in short-term and long-term cash investments	43	36	200	(3,115)
Disposal of investment in associate	665	665	–	–
Net cash provided by (used in) investing activities	**(973)**	**(3,409)**	**459**	**(3,609)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from (payments of) notes payable	(42)	3,812	–	3,175
Net proceeds from (payments of) bank loans and loans payable	474	131	188	(625)
Acquisition of treasury shares	(64)	(388)	(114)	(121)
Decrease (increase) in payable to related parties	43	(8)	7	(82)
Payment of dividends declared	(332)	(332)	(8)	(304)
Net cash provided by financing activities	**79**	**3,215**	**73**	**2,043**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,056)**	**672**	**179**	**(1,251)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,781	2,053	2,052	3,482
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,725**	**2,725**	**2,231**	**2,231**

Vista Land & Lifescapes, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on February 28, 2007. The Parent Company's registered office address and principal place of business is at 3rd Level Starmall Las Piñas, C.V. Starr Avenue, Pamplona, Las Piñas City.

The Parent Company is the holding company of the Vista Group (the Group) which is comprised of the following domestic subsidiaries:

1) Camella Homes, Inc. (CHI) and Subsidiaries;
2) Brittany Corporation (Brittany);
3) Crown Asia Properties, Inc. (CAPI);
4) Communities Philippines, Inc. (CPI) and Subsidiaries; and
5) Vista Residences, Inc. (VRI)

The Group is engaged mainly in the development of residential subdivisions and construction of housing and condominium units. The Group offers a range of products from socialized and affordable housing to middle income and high-end subdivision house and lots and condominium projects.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱) which is the functional and presentation currency of the Parent Company, and all amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of September 30, 2012 and December 31, 2011 and each for the nine months ended September 30, 2012 and 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented separately in the consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from the Parent Company's equity.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive

The consolidated financial statements include the financial statements of the Parent Company and the following wholly owned domestic subsidiaries:

Brittany
CAPI
VRI
CHI
    Household Development Corp.
    Mandalay Resources Corp.
    C&P International Limited
CPI
    Communities Batangas, Inc.
    Communities Bulacan, Inc.
    Communities Cagayan, Inc.
    Communities Cebu, Inc.
    Communities Davao, Inc.
    Communities General Santos, Inc.
    Communities Iloilo, Inc.
    Communities Isabela, Inc.
    Communities Leyte, Inc.
    Communities Naga, Inc.
    Communities Negros Occidental, Inc.
    Communities Pampanga, Inc.
    Communities Pangasinan, Inc.
    Communities Tarlac, Inc.
    Communities Zamboanga, Inc.
    Communities Ilocos, Inc.
    Communities Bohol, Inc.
    Communities Quezon, Inc.
    Communities Palawan, Inc.

Adoption of New and Amended Accounting Standards and Philippine Interpretations
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years except for the adoption of the following new and amended PFRS and Philippine Interpretations which became effective beginning January 1, 2011. Except as otherwise stated, the adoption of these new and amended Standards and Philippine Interpretations did not have any impact on the consolidated financial statements.

Philippine Accounting Standard (PAS) 24 (Amendment), *Related Party Disclosures*
PAS 24 clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity.

PAS 32 (Amendment), *Financial Instruments: Presentation - Classification of Rights Issues*
The amendment alters the definition of a financial liability in PAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The Amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's nonderivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement*
The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset.

Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*
The Philippine Interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.

Improvements to PFRS (issued 2010)
The omnibus amendments to PFRSs issued in May 2010 were issued primarily with a view to removing inconsistencies and clarifying wordings. The amendments are effective for annual periods beginning January 1, 2011, except as otherwise stated. The adoption of the following amendments resulted in changes to accounting policies but did not have impact on the financial position or performance of the Group.

- PFRS 3, *Business Combinations*
  This amendment clarifies that the amendments to PFRS 7, *Financial Instruments: Disclosures*, PAS 32 and PAS 39 that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of PFRS 3 (as revised in 2008).

  It also limits the scope of the measurement choices that only the components of noncontrolling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either at fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interest are measured at their acquisition date fair value, unless another measurement basis is required by another PFRS.

  The amendment also requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post-combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognized as post-combination expenses. It further specifies the

accounting for share-based payment transactions that the acquirer does not exchange for its own awards: if vested - they are part of non-controlling interest and measured at their market- based measure; if unvested - they are measured at market-based value as if granted at acquisition date, and allocated between non-controlling interest and post-combination expense.

- PFRS 7, *Financial Instruments: Disclosures*
  This amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendments to quantitative and credit risk disclosures are as follows:
  a. Clarify that only financial asset whose carrying amounts do not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk.
  b. Requires, for all financial assets, to disclose the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk).
  c. Remove the disclosure of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired.
  d. Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired.
  e. Clarify that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date.

- PAS 1, *Presentation of Financial Statements*
  This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- PAS 27, *Consolidated and Separate Financial Statements*
  This amendment clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates* and PAS 31, *Interests in Joint Ventures* apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when PAS 27 is applied earlier.

- PAS 34, *Interim Financial Reporting*
  This amendment provides guidance to illustrate how to apply disclosure principles in PAS 34 and add disclosure requirements around:
  a) The circumstances likely to affect fair values of financial instruments and their classification;
  b) Transfers of financial instruments between different levels of the fair value hierarchy;
  c) Changes in classification of financial assets; and
  d) Changes in contingent liabilities and assets.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
  This Philippine Interpretation clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2011, except for the adoption of the following new and amended Standards and Philippine Interpretations as of January 1, 2012, noted below:

- PAS 12, Income Taxes, Deferred Tax: Recovery of Underlying Assets
  This amendment to PAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, Investment Property, will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, PAS 12 requires that deferred tax arising from a non-depreciable asset measured using the revaluation model in PAS 16, Property, Plant and Equipment should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale.

- PFRS 7, Disclosures - Transfers of Financial Assets (Amendment)
  The amendment to PFRS 7 enhances the disclosures for financial assets. These disclosures relate to assets transferred (as defined under PAS 39, Financial Instruments: Recognition and Measurement). If the assets transferred are not derecognized entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognized and their associated liabilities. If those assets are derecognized entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

The adoption of the amendments to existing standards did not have a significant impact to the Group. The Group has not early adopted any other standard, Philippine Interpretation or amendment that has been issued but not yet effective.

Future Changes in Accounting Policies

The Group will adopt the following new and amended Standards and Philippine Interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on the consolidated financial statements.

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate* This Philippine Interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The adoption of this Philippine Interpretation may significantly affect the determination of the revenue from real estate sales and the corresponding costs, and the related trade

receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the adoption of this Philippine Interpretation.

Effective 2013
PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income*
The amendments to PAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Group's financial position or performance.

PAS 19, *Employee Benefits (Amendment)*
Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The Group is currently assessing the impact of the amendment to PAS 19.

PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a) The gross amounts of those recognized financial assets and recognized financial liabilities;
b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
c) The net amounts presented in the statement of financial position;
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
    i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
    ii. Amounts related to financial collateral (including cash collateral); and
e) The net amount after deducting the amounts in (c) from the amounts in (d) above.

PFRS 10, *Consolidated Financial Statements*
PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, which addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

PFRS 11, *Joint Arrangements*
PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. This Standard eliminates proportionate consolidation of jointly controlled entities, instead, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under PFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses.

PFRS 12, *Disclosures of Interests with Other Entities*
This standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

PFRS 13, *Fair Value Measurement*
This standard does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under PFRS when fair value is required or permitted by PFRS. This standard was intended to reduce complexity, improve consistency in application when measuring fair value and enhance disclosures. PFRS 13 is effective for annual periods beginning on or after January 1, 2013 and should be applied prospectively.

Revised PAS 27, *Separate Financial Statements*
This standard has been revised as a result of issuance of PFRS 10, 11, and 12. The revised standard provides the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements and requires an entity preparing separate financial statements to account for those investments at cost or in accordance with PFRS 9. This Standard is issued concurrently with PFRS 10 and together, the two PFRSs will supersede PAS 27 (as amended in 2008). Revised PAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that PFRS 10, 11, 12 and PAS 28 (as amended in 2011) are applied simultaneously and with additional disclosure of the fact.

Revised PAS 28, *Investment in Associates and Joint Ventures*
This standard has been revised as a result of issuance of PFRS 10, 11, and 12. The revised standard prescribes the accounting for investments in associates and joint ventures. Equity method is defined in the revised standard as a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee. The revised standard is to be applied by all entities that are investors with joint control of, or significant influence or owns 20% to 50% interest over, an investee. This standard supersedes PAS 28 (as revised in 2003). Revised PAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that PFRS 10, 11, 12 and PAS 27 (as amended in 2011) are applied simultaneously and with additional disclosure of the fact.

Effective 2014
PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Group, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements.

Effective 2015
PFRS 9, *Financial Instruments: Classification and Measurement*
PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting, impairment and derecognition of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and

measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

The Group has decided not to early adopt for its 2012 financial reporting, thus, has not conducted a quantification of full impact of this standard. The Group, however, will quantify the effect in conjunction with the other phases, when issued, to present a more comprehensive picture.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and that are subject to an insignificant risk of changes in value.

Short-term and Long-term Cash Investments

Short-term cash investments consist of money market placements made for varying periods of more than three (3) months and up to nine (9) months while long-term cash investments consist of money market placements made for varying periods of more than one (1) year. These investments earn interest at the respective short-term and long-term investment rates.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Group commits to purchase or sell the asset.

Initial recognition of financial instruments

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities include transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) financial assets, AFS financial assets, and loans and receivables. The Group classifies its financial liabilities as financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. The financial assets of the Group are of the nature of loans and receivable and AFS financial assets, while its financial liabilities are of the nature of other financial liabilities. Management determines the classification at initial recognition and re-evaluates such designation, where allowed and appropriate, at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on its quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss under "Interest income" and "Interest and other financing charges" accounts unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, designated as AFS or as financial assets at FVPL. Receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization, if any, is included in profit or loss. The losses arising from impairment of receivables are recognized in profit or loss. These financial assets are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

This accounting policy applies primarily to the Group's cash and cash equivalents, short-term investments, long-term cash investments and receivables except for receivable from contractors and receivable from brokers.

AFS financial assets
AFS financial assets are nonderivative financial assets that are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gain and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported in OCI.

When the investment is disposed of, the cumulative gain or loss previously recognized in OCI is recognized as miscellaneous income in profit or loss. Where the Group holds more than one investment in the same security these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding AFS financial assets are reported as interest income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized in profit or loss as part of miscellaneous income when the right to receive payment has been established. The losses arising from impairment of such investments are recognized as provisions for impairment losses in profit or loss.

When the fair value of AFS equity financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the

fair value of unquoted equity instruments, these investments are carried at cost, less any impairment losses.

As of September 30, 2012 and December 31, 2011, AFS financial assets comprise of unquoted equity securities.

Other financial liabilities
Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

This accounting policy applies primarily to the Group's bank loans, loans payable, accounts and other payables, liabilities for purchased land, payable to related parties, long-term notes, notes payable and other liabilities that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability, income tax payable and deferred tax liabilities).

Derecognition of Financial Assets and Financial Liabilities
Financial asset
A financial asset (or, where applicable, a part of a group of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or (c) the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is

experiencing significant financial difficulty, default or delinquency in interest or principal payments, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset, together with the other assets that are not individually significant and were thus not individually assessed for impairment, is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as selling price of the lots and residential houses, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS financial assets carried at fair value
In case of equity investments classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below their corresponding cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in OCI is removed from OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit and loss. Increases in fair value after impairment are recognized directly in OCI.

AFS financial assets carried at cost
If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value

of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Real Estate Inventories
Real estate inventories consist of subdivision land, residential houses and lots and condominium units for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Acquisition cost of subdivision land
- Amounts paid to contractors for construction and development of subdivision land and residential and condominium units
- Capitalized borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Nonrefundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Land and Improvements
Land and improvements consists of properties for future developments and are carried at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less cost to complete and costs of sale. Costs include cost incurred for development and improvements of the properties. Upon start of development, the related cost of the land is transferred to real estate inventories.

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for marketing fees, taxes and licenses, rentals and insurance.

Creditable Withholding Tax
This pertains to the tax withheld at source by the Group's customer and is creditable against the income tax liability of the Group.

Construction materials
Construction materials are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the replacement cost.

Value-Added Tax (VAT)
The input value-added tax pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services.

Output VAT pertains to the 12% tax due on the local sale of goods or services by the Group.

If at the end of any taxable month, the output VAT exceeds the input VAT, the outstanding balance is included under "Accounts and other payables" account. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding months and included under "Other current asset" account.

Investment in an Associate
The investment in an associate is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

An investment in an associate is accounted for using the equity method from the day it becomes an associate. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investment in an associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associate, less any impairment in values. The profit or loss reflects the share of the results of the operations of the investee companies reflected as "Equity in net income (loss) of an associate". The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee company are eliminated to the extent of the interest in the investee company and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The reporting date of the investee company and the Group is identical and its accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Beginning January 1, 2010, upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The Group has a reciprocal holding in Starmalls, Inc. (formerly Polar Property Holdings, Inc.) (Starmalls). The Group takes up its share on its associate's profit excluding the equity income arising on the reciprocal holding. An adjustment is also made to reduce the Group's equity balance and its investment in an associate by its effective percentage of ownership on its own shares. In August 2012, the Group disposed of its holdings in Starmalls.

Investment Properties
Investment properties comprise completed property and property under construction or re-development that are held to earn rentals, and are not occupied by the companies in the Group. Investment properties, except for land, are carried at cost less accumulated

depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Construction-in-progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, regardless of utilization. The estimated useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful lives of buildings is 20 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or for disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the estimated useful life of property and equipment as follows:

	Years
Building and building improvements	20
Transportation equipment	2 to 5
Office furniture, fixtures and equipment	2 to 5
Construction equipment	2 to 5
Other fixed assets	1 to 5

Building improvements are amortized on a straight-line basis over the term of the lease or the estimated useful life of the asset, whichever is shorter.

The useful lives and depreciation and amortization method are reviewed annually to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged against current operations.

Interests in Joint Ventures

The Group has interests in joint ventures that are classified as jointly controlled operations. A jointly controlled operation involves the use of assets and other resources of the Group and other venturers rather than the establishment of a corporation, partnership or other entity. The Group accounts for the assets it controls and the liabilities it incurs, the expenses it incurs and the share of net income that it earns from the sale of real estate inventories by the joint venture.

Systems Development Costs

Costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and provision for impairment losses, if any.

System development costs recognized as assets are amortized using the straight-line method over their useful lives, but not exceeding a period of three years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Impairment of Nonfinancial Assets

This accounting policy relates to property and equipment, investment properties, investment in an associate, interests in joint ventures, land and improvements, model house accessories and systems development costs.

The Group assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such

indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase in the other comprehensive income. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The following criteria are also applied in assessing impairment of specific assets:

Investment in an associate
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investee company and recognizes the difference in profit or loss.

Equity
When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings of the Group less dividends declared.

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue and Cost Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Real estate revenue
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee, Q&A 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished, and the costs incurred or to be incurred can be measured reliably). Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Any excess of collections over the recognized receivables are included in the "Customers' advances and deposits" account in the liabilities section of the consolidated statement of financial position.

When a sale of real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, revenue is not recognized, and the receivable from the buyer is not recorded. The real estate inventories continue to be reported on the consolidated statement of financial position as "Real estate inventories" and the related liability as deposits under "Customers' advances and deposits".

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

Interest income
Interest is recognized as it accrues (using the effective interest method i.e, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income
Dividend income is recognized when the Group's right to receive payment is established.

Pension Cost
Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes current service cost, interest cost, expected return on any plan assets, actuarial gains and losses and the effect of any curtailments or settlements.

The net pension liability recognized in the consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods. The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined using risk-free interest rate of government bonds that have terms to maturity approximating to the terms of the related pension liability or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

The actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are immediately charged to or credited to profit or loss.

Past service cost, if any, is recognized immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service cost is amortized on a straight-line basis over the vesting period.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Commissions

The Group recognizes commissions when services are rendered by the broker. The commission expense is accrued upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Real estate inventories" account in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Basic and Diluted Earnings Per Share (EPS)
EPS is computed by dividing net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of September 30, 2012 and December 31, 2011, the Group has no dilutive potential common shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 4 to the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post yearend events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. **Significant Accounting Judgments and Estimates**

The preparation of accompanying consolidated financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue and cost recognition

Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others:

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

Collectibility of the sales price

For real estate sales, in determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 5% would demonstrate the buyer's commitment to pay.

Distinction between real estate inventories and land and improvements

The Group determines whether a property will be classified as Real estate inventories or Land and improvements. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (Real estate inventories) or whether it will be retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term (Land and improvements). Land and improvements that are to be developed in the subsequent year are classified as part of the current assets.

Operating lease commitments - the Group as lessee

The Group has entered into contract of lease for some of the office space it occupies. The Group has determined that all significant risks and benefits of ownership on these properties will be retained by the lessor. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the estimated useful life of the related asset. The Group accordingly accounted for these as operating leases.

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all significant risks and rewards of ownership of these properties as the Group considered among others the length of the lease term as compared with the estimated useful life of the assets.

Classification of property as investment property or real estate inventories

The Group determines whether a property is classified as investment property or inventory property as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.

Distinction between investment properties and land and improvement
The Group determines a property as investment property if such is not intended for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Land and improvement comprises property that is retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Impairment of AFS financial assets carried at cost
The Group follows the guidance of PAS 39 in determining when an asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; the financial health of and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's financial position (see Note 19).

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date , that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate is recognized based on the percentage of completion measured principally on the basis of the actual costs incurred to date over the estimated total costs of the project.

Estimating allowance for impairment losses on receivables
The Group maintains allowances for impairment losses based on the results of the individual and collective assessments under PAS 39. For both individual and collective assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. The estimated cash flows considers the management's estimate of proceeds from the disposal of the collateral less cost to repair, cost to sell and return of deposit due to the defaulting party. The cost to repair and cost to sell are based on historical

experience. The methodology and assumptions used for the individual and collective assessments are based on management's judgments and estimates made for the year. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

The balance of the Group's receivables, net of allowance for impairment loss, amounted to ₱24,624 million and ₱21,069 million as of September 30, 2012 and December 31, 2011, respectively (see Note 7).

Evaluation of net realizable value of real estate inventories and land and improvements
Real estate inventories and land and improvements are valued at the lower of cost or NRV. This requires the Group to make an estimate of the real estate for sale inventories and land and improvements' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories and land and improvements to NRV based on its assessment of the recoverability of these assets. In determining the recoverability of these assets, management considers whether these assets are damaged, if their selling prices have declined and management's plan in discontinuing the real estate projects. Estimated selling price is derived from publicly available market data and historical experience, while estimated selling costs are basically commission expense based on historical experience. Management would also obtain the services of an independent appraiser to determine the fair value of undeveloped land based on the latest selling prices of the properties of the same characteristics of the land and improvements.

Real estate inventories amounted to ₱13,770 million and ₱ 14,901 million as of September 30, 2012 and December 31, 2011, respectively (see Note 8). Land and improvements amounted to ₱18,768 million and ₱16,348 million as of September 30, 2012 and December 31, 2011, respectively (see Note 8).

Evaluation of impairment
The Group reviews investment in an associate, interest in joint ventures, investment properties, property and equipment and system development costs for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value les cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect investment in an associate, interests in joint venture, investment properties, property and equipment and system development cost.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Based on management assessment as of September 30, 2012 and December 31, 2011, no indicators of impairment exist for investment in associate, interests in joint ventures, investment properties, property and equipment, and systems development costs.

Estimating useful lives of property and equipment, investment properties and systems development costs
The Group estimates the useful lives of property and equipment, investment properties and systems development cost based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, investment properties and system development cost are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these property and equipment. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above.

Recognizing deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

Estimating pension obligation and other retirement benefits
The determination of the Group's pension liabilities is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, expected returns on plan assets and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect retirement obligations.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Certain financial assets and liabilities were initially recorded at its fair value by using the discounted cash flow methodology. See Note 15 to the consolidated financial statements for the related balances.

4. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. As of September 30, 2012 and December 31, 2011, the Group has two reportable operating segments as follows:

- Horizontal Projects
  The housing market segment of the Group caters on the development and selling of residential lots and units, and affordable housing units and lots.

- Vertical Projects
  This segment caters the development and selling of residential high-rise condominium projects across the Philippines. Vertical home projects involve dealing with longer gestation periods and requirements that are different from those of horizontal homes.

By the end of fourth quarter 2011, the Group's management changed the presentation of its reportable segments by presenting the balances pertaining to the parent company and

intermediate holding companies separately from Horizontal Projects. Accordingly, the segment information presented in prior year was restated to conform with the current period presentation.

The Group's management believes that this presentation would be more useful to the users of the consolidated financial statements.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment income or loss before income tax. Segment income or loss before income tax is based on the same accounting policies as consolidated income or loss. The Group has no intersegment revenues. No operating segments have been aggregated to form the above reportable operating business segments. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports in order to assess the performance of the Group.

The financial information about the operations of these operating segments for the three month period ended September 30, 2012 is summarized below (amounts in millions):

	Horizontal	Vertical	Total
Real estate revenue	**₱10,048**	**₱2,106**	**₱12,154**
Cost and operating expenses	7,237	1,624	8,861
Segment income before income tax	**2,811**	**482**	**3,293**
Interest income	**644**	**19**	**663**
Miscellaneous income	**311**	**63**	**374**
Interest and other financing charges	**(881)**	**(68)**	**(949)**
Unrealized foreign exchange loss	**17**	–	**17**
Income before income tax	**2,902**	**496**	**3,398**
Provision for income tax	**121**	**43**	**164**
Net income	**₱2,781**	**₱453**	**₱3,234**

The financial information about the segment assets and liabilities of these operating segments as of September 30, 2012 is summarized below (amounts in millions):

	Horizontal	Vertical	Total
Other Information			
Segment assets	**₱66,029**	**₱8,304**	**₱74,333**
AFS financial assets	**41**	–	**41**
Investment in an associate	**24**	**1**	**25**
Deferred tax assets	**2**	–	**2**
Total Assets	**₱66,096**	**₱8,305**	**₱74,401**
Segment liabilities	**₱28,092**	**₱1,747**	**₱29,839**
Payable to (receivables from) related parties	**(2,217)**	**2,392**	**175**
Deferred tax liabilities	**1,608**	**293**	**1,901**
Total Liabilities	**₱27,483**	**₱4,432**	**₱31,915**

The Group has no revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue.

5. **Cash and Cash Equivalents**

This account consists of:

Cash on hand and in banks	2,317
Cash equivalents	408
	2,725

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest from 1.00% to 4.00% in 2012 and 2011.

6. **Investments**

Short-term cash investments
Short-term cash investments consist of money market placements with maturities of more than three months up to one year and earn interest ranging from 1.75% to 4.00% in 2012 and 2011.

Long-term cash investments
Long-term cash investments consist of money market placements made for varying periods of more than one (1) year. These investments earn interest ranging from 1.75% to 4.00% in 2012 and 2011. The investment is used as collateral to secure the bank loans of the Parent Company (see Note 13).

Available-for-sale financial assets
This account pertains to unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects and other operations. These are carried at cost less impairment, if any.

There are no movements in the fair value of AFS financial assets as of September 30, 2012.

7. **Receivables**

This account consists of:

Installment Contracts Receivables:	
Short –term	11,660
Long-term	9,517
	21,177
Receivables from contractors, buyers, brokers and others	3,765
	24,942
Less: allowance for impairment losses	318
Total Receivables, net	**24,624**
Less: current portion	15,215
	9,409

Installment contracts receivable
Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of fifteen years. The corresponding titles to the subdivision units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivable are interest-bearing except for those that are with installment schemes within two years. Interest rates on installment contracts receivables range from 16.00% and 19.00%.

Receivable from contractors
Receivable from contractors are recouped every progress billing payment date depending on the percentage of accomplishment.

Receivable from buyers
Receivables from buyers pertain to sale of real estate units owned by joint venture partners that were sold by the Group by virtue of a marketing agreement between the Group and the joint venture partners. These sales do not form part of the Group's revenue and collections from buyers are remitted to the joint venture partners net of any marketing fees agreed by the parties.

Receivable from brokers
Receivable from brokers are recouped every progress billing depending on the collection milestone and submission of necessary buyer's documents.

Others
Other receivables consist mainly of receivables from various individuals and private entities and other nontrade receivables. These are due and demandable.

The following presents the breakdown of installment contracts receivable and receivables from contractors, suppliers, brokers and others by maturity dates:

Due within 1 yr	
Installment receivable	11,660
Receivables from contractors suppliers, brokers and others	3,765
	15,425
Less: allowance for impairment losses	210
	15,215
Due over 1 yr	
Installment receivable	9,517
Receivables from contractors suppliers, brokers and others	–
	9,517
Less: allowance for impairment losses	108
	9,409
Total Receivables, net	**24,624**

8. **Real Estate Inventories and Land and Improvements**

These accounts consist of:

Subdivision land available for sale	17,591
Less: reserve for land development	(7,632)
	9,959
Residential house and condominium units for sale and development	3,811
Total subdivision land and residential units for sale and developments	13,770
Land and improvements	18,768
Total	**32,538**

Subdivision land for sale and development represents real estate subdivision projects in which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines.

The Group recorded no provision for impairment in 2012 and 2011.

9. **Investment Properties**

In the last quarter of 2011, the Group reclassified real estate inventories and property and equipment to investment properties which are to be developed for commercial and retail purposes to be subsequently leased out to third parties.

The carrying value of investment properties as of September 30, 2012 amounted to ₱ 3,693 million. Additions as of September 30, 2012 pertain to building and building improvements.

10. **Interests in Joint Ventures**

Interests in joint ventures pertain to deposits, cash advances and other charges in connection with the land development agreement (LDA) entered into by the Group with individuals, corporate entities and certain related parties for the development of real estate projects. The LDA provides, among others, the following: a) the Group will undertake the improvement, subdivision and development of the real estate project within a certain periods as prescribed by the LDA, subject to certain conditions to be fulfilled by the real estate property owner; and b) the parties shall divide among themselves all saleable inventory of the real estate project in accordance with the ratio mutually agreed.

11. **Accounts and Other Payables**

This account consists of:

Accounts payable	1,500
Accrued expenses	843
Retention payable	779
Commission payable	382
Deferred VAT payable	396
Others	1,983
Total	**5,883**

Accounts payable, accrued expenses, retention payable and commissions payable are noninterest-bearing and are expected to be settled within a year after the reporting date.

Accrued expenses consist mainly of accruals for project cost estimate, interest, light and power, marketing costs, professional fees, postal and communication, supplies, repairs and maintenance, transportation and travel, security, and insurance.

Retentions payable pertains to 10% retention from the contractors' progress billings which will be later released after the completion of contractors' project. The 10% retention serves as a security from the contractor should there be defects in the project.

Commissions payable pertain to fees paid to brokers for services rendered.

Others include amounts pertaining to dividends payable, and other non-trade liabilities.

12. Customers' Advances and Deposits

This account consists of customers' downpayments, reservation fees and excess of collections over the recognized receivables based on percentage of completion.

The increase in this account is attributable mainly to the increase in the reservation fees, net of contracted sales, during the six-month period ended September 30, 2012.

13. Bank Loans and Loans Payable

Bank loans

Bank loans pertain to the borrowings of the Group from various local financial institutions. Further analysis is provided below:

	Bank Loans	Loans Payable
Parent company	3,931	–
Subsidiaries	112	2,669
	4,043	2,669
Less current portion	2,341	611
	1,702	**2,058**

On various dates in 2011, the Parent Company obtained ₱ 1,500 million peso denominated bank loans from a local bank which bear fixed interest rate of 5.50% and secured by a holdout on the US dollar deposits amounting to US$73.50 million.

The Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱270.00 million which bears fixed interest rate of 7.50% and will mature on November 18, 2010. The loan is secured by a real estate mortgage over certain properties of CAPI with a carrying value amounting to ₱450.00 million. On November 11, 2011, the Parent Company renewed the term loan with the local bank with interest at 6.00% and will mature on June 15, 2012. As of September 30, 2012, the loan was fully paid.

On July 30, 2010, the Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱207 million which bear fixed interest rate of 8.39% and will mature on July 30, 2013. The loan is secured by real estate mortgage of certain properties of Brittany and CAPI with a carrying value amounting to ₱208 million in 2012.

On November 2, 2010, the Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱199 million which bear fixed interest rate of 7.83% and will mature

on October 31, 2013. The loan is secured by real estate mortgage of certain properties of Brittany and CAPI with a book value amounting to ₱285 million (see Note 8).

On December 9, 2010, the Parent Company obtained a peso-denominated bank loan from a local bank amounting to ₱1,600 million which bear fixed interest rate of 6.50% and will mature on December 6, 2015. The loan is secured by a hold-out on the US dollar deposits amounting to US$40 million (see Note 6).

The bank loans of the Parent Company and certain subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of September 30, 2012 and December 31, 2011.

Certain banks loans were secured by a chattel mortgage on the Group's transportation equipment.

Loans Payable
Loans payable pertain to sold "Installment contracts receivable" of Subsidiaries as discussed in Note 7 to the consolidated financial statements. These loans bear fixed interest rates ranging from 7.00% to 12.00% in 2012 and 9.50% to 13.00% in 2011, payable on equal monthly installments over a maximum period of 3 to 15 years depending on the terms of the installment contracts receivables.

14. **Liabilities for Purchased Land**

Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate loans.

15. **Notes Payable**

Corporate Note Facility
On April 20, 2012, the Parent Company secured a Corporate Note Facility of up to ₱4.50 billion from certain financial institutions to fund the Group's on-going real estate development projects, to refinance or replace existing borrowings and for general corporate purposes. The Corporate Notes shall bear fixed interest rate based on applicable bench mark rate on drawdown date plus a certain spread and will mature five (5) years from drawdown date.

On April 24, 2012, the Parent Company fully utilized the credit facility and issued Corporate Notes that bear fixed interest rate of 7.27% and shall mature on April 25, 2017. On June 26, 2012, the Company exercised the over-subscription option and issued additional corporate notes amounting ₱300.00 million.

The carrying value of the corporate note amounted to ₱4,723.50 million as of September 30, 2012.

The Corporate Note Facility provides for the Parent Company to observe certain covenants including, among others, incurrence of additional debt; dividend restrictions; maintenance of

financial ratios; granting of loans; and certain other covenants. These were complied with by the Group as of September 30, 2012 and December 31, 2011.

US$ Notes
On September 30, 2010 and March 30, 2011, the Parent Company issued notes (the US$ notes) US$100.00 million and US$75.00 million, respectively. The notes bear interest rate of 8.25% per annum payable semi-annually in arrears and will mature five years from issue date.

On June 2012, the Company repurchased US$22 million of the outstanding notes.

The carrying value of the US$ notes amounted to ₱6,343.32 million and ₱7,393.78 million as of September 30, 2012 and December 31, 2011.

The US$ notes are unconditionally and irrevocably guaranteed by certain subsidiaries of the Parent Company.

The US$ notes provide for the Parent Company and Subsidiaries to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. These were complied with by the Group as of September 30, 2012 and December 31, 2011.

16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred herein as affiliates). Related parties may be individuals or corporate entities.

The Group in their regular conduct of business has entered into transactions with corporate shareholders and other affiliates principally consisting of advances and reimbursement of expenses and purchase and sale of real estate properties. The Group's policy is to settle its intercompany receivables and payable on a net basis. Transactions entered by the Group with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at reporting date are unsecured, interest-free and settled in cash.

As of September 30, 2012 and December 31, 2011, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

17. Equity

Capital Stock
The details of the Parent Company's capital stock follow:

	Sep 30 2012	Dec 31 2011	Dec 31 2010
Common			
Authorized shares	11,000,000,000	11,000,000,000	11,000,000,000
Par value per share	₱1.00	₱1.00	₱1.00
Issued shares	8,538,740,614	8,538,740,614	8,538,740,614
Treasury shares	133,910,000	39,643,000	–

	Sep 30 2012	Dec 31 2011	Dec 31 2010
Preferred			
Authorized shares	10,000,000,000	10,000,000,000	10,000,000,000
Par value per share	₱0.10	₱0.10	₱0.10
Issued shares	–	–	–

On June 15, 2012, the stockholders of the Company representing more than 2/3 of the outstanding capital stock thereof approved the amendment of Article Seventh of the Amended Articles of Incorporation of the Company to reinstate the following sentence as last paragraph of the same Article: "The stockholders of the Corporation shall have no preemptive right to subscribe to any issue or disposition of shares of any class of the Corporation."

On August 13, 2010, the BOD approved the reclassification of 1.0 billion unissued common shares with a par value of ₱1.00 per share into 10.0 billion new preferred shares with a par value of ₱0.10 per share and the amendment of the Parent Company's Articles of Incorporation to reflect the reclassification of the unissued common shares into new preferred shares. On September 27, 2010, the Parent Company's stockholders ratified the reclassification.

On November 24, 2010, the SEC approved the amendments to the Parent Company's Articles of Incorporation embodying the reclassification of the unissued common shares to new preferred shares.

The new preferred shares are voting, cumulative, non-participating, non-convertible and non-redeemable. The BOD may determine the dividend rate which shall in no case be more than 10% per annum.

On July 26, 2007, the Parent Company launched its follow-on offer where a total of 8,538,740,614 common shares were offered at an offering price of ₱6.85 per share. The registration statement was approved on June 25, 2007.

Treasury Shares

On June 15, 2011, the BOD of the Parent Company approved the buyback of its shares up to the extent of the total purchase price of ₱1.50 billion pesos subject to the prevailing market price at the time of buyback over the next 24 months but subject to periodic review by the management. As of September 30, 2012, the Parent company bought back 133,910,000 common shares amounting to ₱510 million.

In various dates 2009 and 2008, the Parent Company acquired from the market a total of 24,930,000 and 282,498,000 common shares, respectively, at a total cost of ₱20 million and ₱548 million, respectively. On October 20, 2009, the Parent Company issued 320,686,000 treasury shares as consideration for the 100% interest in VRI.

Retained Earnings

On September 17, 2012, the BOD approved the declaration of a regular cash dividend amounting to ₱705.31 million or ₱0.0839 per share, payable to all stockholders of record as of October 02, 2012. The said dividends are payable October 26, 2012.

On June 15, 2012, the BOD approved the declaration of a special cash dividend amounting to ₱336.90 million or ₱0.04 per share, payable to all stockholders of record as of July 2, 2012. The said dividends are payable July 26, 2012.

On May 17, 2011, the BOD approved the declaration and payment of special cash dividends from the unrestricted retained earnings of the Parent Company amounting to ₱298.86 million or ₱0.035 per share payable to stockholders of record at the close of business on June 1, 2011. The said dividends were paid on June 28, 2011. Subsequently, on September 13, 2011, the BOD approved the declaration and payment of cash dividends from the unrestricted retained earnings of the Parent Company amounting to ₱594.96 million or ₱0.07 per share payable to stockholders of record at the close of business on September 28, 2011. The said dividends were paid on October 24, 2011.

Capital Management

The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of September 30, 2012 and December 31, 2011, the Group had the following ratios:

	Sep 30, 2012	Dec 31, 2011
Current ratio	**228%**	253%
Debt-to-equity ratio	**75%**	66%

Current Ratio: Obtained by dividing the total current assets by total current liabilities.
Debt-to-equity ratio: Obtained by dividing the total liabilities by total equity.

The Group is not subject to externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the nine months ended September 30, 2012 and year ended December 31, 2011.

The Group considers as capital the equity attributable to equity holders of the Group.
The following table shows the component of the Company's capital as of September 30, 2012 and December 31, 2011 (in million pesos).

	Sep 30, 2012	Dec 31, 2011
Total paid-up capital	**27,868**	27,868
Treasury shares	**(510)**	(122)
Retained earnings	**15,128**	12,943
	42,486	40,689

18. **Financial Assets and Liabilities**

The following table sets forth the carrying values and fair values of the Group's financial assets and liabilities recognized as September 30, 2012 and December 31, 2011 (in million pesos):

	Sep 30, 2012		Dec 31, 2011	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivable				
Cash and cash equivalents	**₱2,725**	**₱2,725**	₱2,053	₱2,053
Short-term cash investments	**1,543**	**1,543**	1,598	1,598
Installment contract receivables	**21,003**	**21,084**	18,087	18,157
Other receivables	**3,621**	**3,621**	3,172	3,172
Long-term cash investments	**4,872**	**4,651**	4,976	4,880
	33,764	**33,624**	29,886	29,860
AFS financial assets	**41**	**41**	41	41
Total Financial Assets	**₱33,805**	**₱33,665**	₱29,927	₱29,901
Financial Liabilities				
Other financial liabilities				
Bank loans	**₱4,043**	**₱4,387**	₱4,132	₱4,485
Loans payable	**2,669**	**2,900**	2,449	2,660
Liabilities for purchased land	**2,161**	**2,098**	1,538	1,493
Accounts and other payables	**5,415**	**5,415**	5,377	5,377
Payable to related parties	**175**	**175**	183	183
Notes payable	**11,066**	**13,431**	7,394	9,274
Total Financial Liabilities	**₱25,529**	**₱28,406**	₱21,073	₱23,472

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents and short-term cash investments: Due to the short-term nature of the account, the fair value of cash and cash equivalents and short-term cash investments approximate the carrying amounts in the consolidated statements of financial position.

Installment contracts receivables: Estimated fair value of installment contracts receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 1.15% to 8.48% in 2012 and 2011.

Other receivables: due to the short-term nature of the account, the fair value of other receivables approximates the carrying amounts.

Long-term cash investments: The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rate used ranges from 1.75% to 4.00% in 2012 and 2011.

AFS financial assets: for AFS investment in unquoted equity securities, these are carried and presented at cost since fair value is not reasonably determine due to the unpredictable nature of future cash flows and without any other suitable methods of arriving at a reliable fair value.

The AFS financial assets carried at cost are preferred shares of a utility company issued to the Group as a consequence of its subscription to the electricity services of the said utility company needed for the Group's residential units. The said preferred shares have no active

market and the Group does not intend to dispose these because these are directly related to the continuity of its business.

Payable to related parties: due to the short-term nature of the account, carrying amounts approximate their fair values.

Accounts and other payables: fair values of accounts and other payables approximate their carrying amounts in the consolidated statement of financial position due to the short-term nature of the transactions.

Bank loans, loans payable, notes payable and liabilities for purchased land: estimated fair values of bank loans and liabilities for purchased land are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranges from 5.50% to 13.00% in 2012 and 2011 using the remaining terms to maturity.

The Group uses the following three-level hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has no financial instruments measured at fair value as of September 30, 2012 and December 31, 2011.

Financial Risk Management Objectives and Policies
Financial risk
The Group's principal financial liabilities comprise of bank loans, loans payable, notes payable, accounts and other payables and liabilities for purchased land. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as installment contracts receivables, cash and cash equivalents and short-term and long-term cash investments, which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Cash flow interest rate risk
The Group's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing.

The Group's policy is to manage its interest cost by entering into fixed rate debts. The Group also regularly enters into short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

The table below shows the financial assets and liabilities that are interest-bearing (in million pesos except for the effective interest rate):

	Sep 30, 2012		Dec 31, 2011	
	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Financial Assets				
Fixed Rate				
Cash and cash equivalents (excluding cash on hand)	**1.00% - 4.00%**	**₱2,707**	1.00% - 4.06%	₱2,039
Short-term cash investments	**1.75% - 4.00%**	**1,543**	1.75% - 4.00%	1,598
Long-term cash investments	**1.75% - 4.00%**	**4,872**	1.75% - 4.00%	4,976
Installment contracts receivable	**7.50% - 19.0%**	**21,003**	7.50% - 19.0%	18,087
Total		**₱30,125**		₱26,700

Financial Liabilities				
Fixed rate				
Notes payable				
Bond payable	**8.25%**	**₱6,343**	8.25%	₱7,394
Corporate notes	**7.27%**	**4,723**	–	–
Bank loans	**5.50% to 8.40%**	**4,043**	5.50% to 8.40%	4,132
Loans payable	**7.00% to 12.00%**	**2,669**	9.50% to 13.0%	2,449
Liabilities for purchased land	**8.25%**	**2,161**	8.25%	1,538
Total		**₱19,939**		₱15,513

Foreign exchange risk

The Group's foreign exchange risk results primarily from movements of the Philippine peso against the United States Dollar (USD). Approximately 20.98% and 27.48% of the debt of the Group as of September 30, 2012 and December 31, 2011, respectively, are denominated in USD. The Group's foreign currency-denominated debt comprises of the Bonds in 2012 and 2011. Below are the carrying values and the amounts in US$ of these foreign currency denominated financial assets and liabilities.

	Sep 30, 2012		Dec 31, 2011	
	Peso	**US$**	Peso	US$
Cash and cash equivalents	**109**	**3**	12	3
Short-term cash investments	**1,474**	**35**	1,534	35
Long-term cash investments	**4,781**	**114**	4,976	114
Notes payable	**6,343**	**153**	7,394	169

In translating the foreign currency- denominated monetary assets in peso amounts, the Philippine Peso - US dollar exchange rates as of September 30, 2012 and December 31, 2011 used were ₱42.12 and ₱43.84 to US$1.00.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate until its next annual reporting date, with all other variables held constant, of the Group's 2012 and 2011 profit before tax (due to changes in the fair value of monetary assets and liabilities) as of September 30, 2012 and December 31, 2011.

	Increase/decrease in US Dollar rate	Effect on profit before tax (in million)
Cash and cash equivalents	+1	₱3
	-1	(3)
Short-term cash investments	+1	35
	-1	(35)
Long-term cash investments	+1	114
	-1	(114)
Note payable	+1	(153)
	-1	153

The assumed movement in basis points for foreign exchange sensitivity analysis is based on the current observable market environment, showing no material movements as in prior years.

There are no items affecting equity except for those impacting profit or loss.

Credit Risk
The Group transacts only with recognized and creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for installment contracts receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price and the requirement for remedial procedures is minimal given the profile of buyers.

With respect to credit risk arising from the other financial assets of the Group, which are comprised of cash and cash equivalents, short-term and long-term cash investments and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years. The Group's investments in AFS are incidental to its housing projects and are considered by the Group to be of high quality because these are investments with the biggest electric utility company in the country.

Liquidity Risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2012 and 2011.

19. **Contingencies**

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

There were no material updates on the contingencies disclosed in Note 33 of the December 31, 2011 audited consolidated financial statements.

20. **Subsequent events**

On October 05, 2012, the BOD resolved to amend the Seventh Article of the Amended Articles of Incorporation of the Company to decrease the par value of the Company's preferred shares from P0.10 to P0.01 on a per share basis and from One Billion Pesos (P1,000,000,000) to One Hundred Million Pesos (P100,000,000) on an aggregate basis, and to correspondingly increase the number and amount of the Company's authorized common shares from Eleven Billion (11,000,000,000) common shares with aggregate par value of Eleven Billion Pesos (P11,000,000,000) to Eleven Billion Nine Hundred Million (11,900,000,000) common shares with aggregate par value of Eleven Billion Nine Hundred Million Pesos (P11,900,000,000). Thus, as amended, the authorized capital stock of the Company shall be Twelve Billion Pesos (P12,000,000,000) divided into Eleven Billion Nine Hundred Million (11,900,000,000) common shares with par value of P1.00 per share and Ten Billion (10,000,000,000) preferred shares with par value of P0.01 per share.

The BOD also resolved to revise certain features of the same preferred shares, more specifically: (i) the maximum amount of dividend that may be declared and paid on the preferred shares was reduced from ten percent (10%) per annum to five percent (5%) per annum or the 1-year PDST-R1 rate, whichever is lower; and (ii) the preferred shares shall no longer be entitled to cumulative dividends.

On November 12, 2012, the stockholders of the Group representing at least 2/3 of the outstanding capital stock thereof approved the above mentioned amendment of Article Seventh of the Amended Articles of Incorporation of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations covering 9-months of 2012 vs. 9-months of 2011

Revenues

Real Estate

The Company recorded revenue from real estate sales of ₱12,154 million for the 9-months of 2012, an increase of 23% from ₱9,904 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units particularly that of Brittany and Camella Homes during the 9-months of 2012 compared to the 9-months of 2011. The Company uses the percentage-of-completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

- Real estate revenue of Brittany increased by 74% to ₱1,869 million for the 9-months of 2012 from ₱1,076 million for the same period last year. This was primarily attributable to the increase in the overall completion rate of its sold inventories in the 9-months of 2012 compared to the 9-months of 2011. Brittany caters to the high-end segment of the market.

- Real estate revenue of Camella Homes increased by 29% to ₱4,169 million for the 9-months of 2012 from ₱3,228 million for the 9-months of 2011. This was primarily attributable to the increase in the overall completion rate of sold inventories in the 9-months of 2012 compared with 9-months of 2011. Camella Homes caters to the mid to low-end segment of the market.

- Communities Philippines posted real estate revenue increased by 14% to ₱3,963 million for the 9-months of 2012 from ₱3,485 million for the 9-months of 2011. This was primarily attributable to the increase in the overall completion rate of its sold inventories in the 9-months of 2012 compared to the 9-months of 2011. Communities Philippines is the business unit of Vista Land that offers residential properties outside the Mega Manila area.

- Real estate revenue of Crown Asia increased by 3% to ₱1,558 million for the 9-months of 2012 from ₱1,520 million in the 9-months of 2011. This was primarily attributable to the increase in the overall completion rate of its sold inventories in the 9-months of 2012 compared to the 9-months of 2011. Crown Asia is Vista Land's business unit for the upper-middle income segment of the market.

- Real estate revenue of Vista Residences remained the same for the 9-months of 2012 for the same period last year. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

Unrealized foreign exchange gain

Unrealized foreign exchange gain decreased by 44% to ₱17 million for the 9-months of 2012 from ₱30 for the 9-months of 2011 due to the decrease in the net foreign currency denominated liability during the period.

Interest income
Interest income increased by 22% to ₱663 million for the 9-months of 2012 from ₱542 for the 9-months of 2011 due to higher level of cash and cash investments and interests from installment contracts receivables.

Miscellaneous
Miscellaneous revenue increased by 37% to ₱374 million for the 9-months of 2012 from ₱274 for the 9-months of 2011 due to forfeitures from cancellations during the period, gain on disposal of investment in associate and increase in rental income.

Costs and Expenses
Cost and expenses increased by 24% from ₱7,840 million for the 9-months of 2011 to ₱9,729 million in the 9-months of 2012. The 24% increase in the account was primarily attributable to the following:

- Cost of real estate sales increased by 22% from ₱4,906 million for the 9-months of 2011 to ₱5,973 million for the 9-months of 2012. This was primarily due to the increase in the overall recorded sales of Vista Land's business units.

- Operating expenses increased by 21% to ₱2,888 million for the 9-months of 2012 from ₱2,391 million for the 9-months of 2011. This was primarily due to the following:

  - an increase in commission expenses to ₱715 million for the 9-months of 2012 from ₱600 million for the 9-months of 2011 primarily due to increased real estate sales for the period;

  - an increase in the salaries, wages and employee benefits to ₱430 million for the 9-months of 2011 from ₱363 million for the 9-months of 2012 resulting from increase in manpower of the Group;

  - an increase in advertising and promotions to ₱728 million for the 9-months of 2012 from ₱666 million for the 9-months of 2011 resulting from increased marketing activities implemented during the period.

- Interest and financing charges increased by 75% from ₱543 million for the 9-months of 2011 to ₱949 million for the 9-months of 2012 due to a higher interest bearing liabilities for the period.

Provision for Income Tax
Provision for income tax was ₱164 million for the 9-months of 2012 and ₱303 million in the 9-months of 2011, representing a decrease of 46%. The decrease was due primarily to adjustments of deferred tax liabilities for the period.

Net Income
As a result of the foregoing, the Company's net income increased by 24% from ₱2,607 million for the 9-months of 2011 to ₱3,234 million for the 9-months of 2012.

For the 9-months of 2012, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that arise from the Company's continuing operations.

Financial Condition as of September 30, 2012 vs. December 31, 2011

Total assets as of September 30, 2012 were ₱74,401 compared to ₱67,573 million as of December 31, 2011, or a 10% increase. This was due to the net effect of the following:

- Cash and cash equivalents increased by 33% from ₱2,053 million as of December 31, 2011 to ₱2,725 million as of September 30, 2012 primarily due to the proceeds from issuance of peso-denominated corporate notes.

- Receivables increased by 17% from ₱21,069 million as of December 31, 2011 to ₱24,624 million as of September 30, 2012 due to the revenue recognized for the period.

- Real estate inventories decreased by 8% from ₱14,901 million as of December 31, 2011 to ₱13,770 million as of September 30, 2012 due primarily to sales for the period.

- Investment properties increased by 61% from ₱2,292 million as of December 31, 2011 to ₱3,693 million as of September 30, 2012 due primarily to additions made during the period.

- Land and improvements increased by 15% from ₱16,348 million as of December 31, 2011 to ₱18,768 million as of September 30, 2012 due primarily to acquisitions made during the period.

- Investment in an associate decreased by 96% from ₱690 million as of December 31, 2011 to ₱25 million as of September 30, 2012 due primarily to disposal for the period.

- Property and equipment increased by 68% from ₱179 million as of December 31, 2011 to ₱301 million as of September 30, 2012 due primarily to additions during the period.

- Other assets increased by 36% from ₱1,779 million as of December 31, 2011 to ₱2,413 million as of September 30, 2012 due primarily to the increase in systems development cost, creditable withholding taxes, and prepaid expenses.

Total liabilities as of September 30, 2012 were ₱31,915 million compared to ₱26,884 million as of December 31, 2011, or an increase of 19%. This was due to the net effect of the following:

- Customers' advances and deposits increased by 16% from ₱3,188 million as of December 31, 2011 to ₱3,697 million as of September 30, 2012 due to the collections from a higher reservation sales recorded for the period.

- Loans payable increased by 9% from ₱2,449 million as of December 31, 2011 to ₱2,669 million as of September 30, 2012 due to availments made for the period.

- Notes payable increased by 50% from ₱7,394 million as of December 31, 2011 to ₱11,066 million as of September 30, 2012 primarily due to the issuance of peso-denominated corporate notes during the period.

- Liabilities for purchased land increased by 41% from ₱1,538 million as of December 31, 2011 to ₱2,161 million as of September 30, 2012 due to acquisitions of raw land on account made during the period.

- Income tax payable increased from ₱52 million as of December 31, 2011 to ₱178 million as of September 30, 2012 primarily due to higher taxable income reported during the period.

Total stockholder's equity increased by 4% to ₱42,567 million as of September 30, 2012 from ₱40,689 million as of December 31, 2011 due to the net profit realized for the period.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	09/30/2012	12/31/2011
Current ratio [(a)]	2.28:1	2.53:1
Debt-to-equity ratio [(b)]	0.75:1	0.66:1
	09/30/2012	**09/30/2011**
Interest expense/Income before Interest expense [(c)]	21.8%	16.1%
Return on assets [(d)]	4.3%	2.6%
Return on equity [(e)]	7.6%	4.4%

Notes:

(a) *Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.*

(b) *Debt-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of debt and equity a company is using to finance its business. It also measures a company's borrowing capacity.*

(c) *Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably*

(d) *Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.*

(e) *Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.*

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Current ratio as of September 30, 2012 decreased from that of December 31, 2011 primarily due to the increase in current liabilities for the period.

Debt to equity ratio as of September 30, 2012 increased from that of December 31, 2011 due to the increase in interest-bearing liabilities for the period.

Interest expense as a percentage of income before interest expense for the nine months ended September 30, 2012 increased compared to that of the prior period primarily due to higher interest bearing liabilities for the period.

Return on assets is increased for the nine months ended September 30, 2012 due to higher income recorded compared to that of the prior period.

Return on equity increased for the nine months ended September 30, 2012 due to higher income recorded compared to that of the prior period.

Material Changes to the Company's Statement of Financial Position as of September 30, 2012 compared to December 31, 2011 (increase/decrease of 5% or more)

Cash and cash equivalents increased by 33% from ₱2,053 million as of December 31, 2011 to ₱2,725 million as of September 30, 2012 primarily due to the proceeds from issuance of peso-denominated corporate notes.

Receivables increased by 17% from ₱21,069 million as of December 31, 2011 to ₱24,624 million as of September 30, 2012 due to the revenue recognized for the period.

Real estate inventories decreased by 8% from ₱14,901 million as of December 31, 2011 to ₱13,770 million as of September 30, 2012 due primarily to sales for the period.

Investment properties increased by 61% from ₱2,292 million as of December 31, 2011 to ₱3,693 million as of September 30, 2012 due primarily to additions made during the period.

Land and improvements increased by 15% from ₱16,348 million as of December 31, 2011 to ₱18,768 million as of September 30, 2012 due primarily to acquisitions made during the period.

Investment in an associate decreased by 96% from ₱690 million as of December 31, 2011 to ₱25 million as of September 30, 2012 due primarily to disposal for the period.

Property and equipment increased by 68% from ₱179 million as of December 31, 2011 to ₱301 million as of September 30, 2012 due primarily to additions during the period.

Other assets increased by 36% from ₱1,779 million as of December 31, 2011 to ₱2,413 million as of September 30, 2012 due primarily to the increase in systems development cost, creditable withholding taxes, and prepaid expenses.

Customers' advances and deposits increased by 16% from ₱3,188 million as of December 31, 2011 to ₱3,697 million as of September 30, 2012 due to the collections from a higher reservation sales recorded for the period.

Loans payable increased by 9% from ₱2,449 million as of December 31, 2011 to ₱2,669 million as of September 30, 2012 due to availments made for the period.

Notes payable increased by 50% from ₱7,394 million as of December 31, 2011 to ₱11,066 million as of September 30, 2012 primarily due to the issuance of peso-denominated corporate notes during the period.

Liabilities for purchased land increased by 41% from ₱1,538 million as of December 31, 2011 to ₱2,161 million as of September 30, 2012 due to acquisitions of raw land on account made during the period.

Income tax payable increased from ₱52 million as of December 31, 2011 to ₱178 million as of September 30, 2012 primarily due to higher taxable income reported during the period.

Material Changes to the Company's Statement of Comprehensive Income for the 9-months of 2012 compared to the 9-months of 2012 (increase/decrease of 5% or more)

Revenue from real estate sales increased by 23% from ₱9,904 million to ₱12,154 million for the 9-months of 2012 due to the increase in the overall completion rate of sold inventories of its business units particularly that of Brittany and Camella Homes during the 9-months of 2012 compared to the 9-months of 2011.

Unrealized foreign exchange gain decreased by 44% to ₱17 million for the 9-months of 2012 from ₱30 for the 9-months of 2011 due to the decrease in the net foreign currency denominated liability during the period.

Interest income increased by 22% to ₱663 million for the 9-months of 2012 from ₱542 for the 9-months of 2011 due to higher level of cash and cash investments and interests from installment contracts receivables.

Miscellaneous revenue increased by 37% to ₱374 million for the 9-months of 2012 from ₱274 for the 9-months of 2011 due to forfeitures from cancellations during the period, gain on disposal of investment in associate and increase in rental income.

Cost of real estate sales increased by 22% from ₱4,906 million for the 9-months of 2011 to ₱5,973 million for the 9-months of 2012 due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses increased by 21% to ₱2,888 million for the 9-months of 2012 from ₱2,391 million for the 9-months of 2011 primarily due to the increase in commission expenses resulting from increased real estate sales for the period; increase in the salaries, wages and employee benefits resulting from increase in manpower of the Group, and an increase in advertising and promotions resulting from increased marketing activities implemented during the period.

Interest and financing charges increased by 75% from ₱543 million for the 9-months of 2011 to ₱949 million for the 9-months of 2012 due to a higher interest bearing liabilities for the period.

Provision for income tax was ₱164 million for the 9-months of 2012 and ₱303 million in the 9-months of 2011, representing a decrease of 46%. The decrease was due primarily to adjustments of deferred tax liabilities for the period.

There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Company. The Subsidiaries are contingently liable for guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for all its real estate projects.

The Company is contingently liable with respect to certain lawsuits and other claims which are being contested by the subsidiaries and their legal counsels. Management and their legal counsels believe that the final resolution of these claims will not have a material effect on the consolidated financial statements.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company sourced its capital requirements through a mix of internally generated cash, sale of liquid assets like installment contracts receivables, pre-selling and joint venture undertakings. The Company does not expect any material cash requirements beyond the normal course of the business. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation except for those items disclosed in the 9-months of 2012 Financial Statements.

There are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period except those disclosed in the 9-months of 2012 Financial Statements.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Company.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

There are no explanatory comments on the seasonality of the operations. There are no material events subsequent to the end of the fiscal period that have not been reflected in the financial statements.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature; neither are there changes in estimates of amounts reported in a prior period of the current financial year.

COMMITMENTS AND CONTINGENCIES

The Parent Company's subsidiaries are contingently liable for guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for its entire real estate project.

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the period ended September 30, 2012 and 2011.

		2012	2011
Current Ratio	Current assets / Current liabilites	**2.28**	2.53
Long-term debt-to-equity ratio	Long-term debt / Equity	**0.32**	0.27
Debt ratio	Total liabilities / Total assets	**0.43**	0.40
EBITDA to total interest paid	EBITDA / Total interest paid	**3.11**	3.23
Price Earnings Ratio	Closing price* / Earnings per share	**12.50**	9.98

**Closing price at September 28, 2012 and September 30, 2011*

PART II - OTHER INFORMATION

Item 3. 9-months of 2012 Developments

A. New Projects or Investments in another line of business or corporation.

None

B. Composition of Board of Directors

Marcelino C. Mendoza	Chairman of the Board
Manuel Paolo A. Villar	Director, President & CEO
Cynthia J. Javarez	Director, Controller
Benjamarie Therese N. Serrano	Director
Maribeth C. Tolentino	Director
Ruben O. Fruto	Independent Director
Marilou O. Adea	Independent Director
Gemma M. Santos	Corporate Secretary

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

₱0.0839 per share Regular Cash Dividend
Declaration Date: September 17, 2012
Record date: October 02, 2012
Payment date: October 26, 2012

₱0.04 per share Special Cash Dividend
Declaration Date: June 15, 2012
Record date: July 02, 2012
Payment date: July 26, 2012

₱0.07 per share Regular Cash Dividend
Declaration Date: September 13, 2011
Record date: September 28, 2011
Payment date: October 24, 2011

₱0.035 per share Special Cash Dividend
Declaration Date: May 17, 2011
Record date: June 01, 2011
Payment date: June 28, 2011

₱0.054 per share Regular Cash Dividend
Declaration Date: September 15, 2010
Record date: September 30, 2010
Payment date: October 26, 2010

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

None

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

None.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable.

H. Other information, material events or happenings that may have affected or may affect market price of security.

None.

I. Transferring of assets, except in normal course of business.

None.

Item 4. Other Notes as of 9-months of 2012 Operations and Financials.

J. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

None.

K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

L. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

None

N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None

O. Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.

None

P. Existence of material contingencies and other material events or transactions during the interim period

None.

Q. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None

R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations) , and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

S. Material commitments for capital expenditures, general purpose and expected sources of funds.

The movement of capital expenditures being contracted arose from the regular land development and construction requirements which are well within the regular cash flow budget coming from internally generated funds.

T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of September 30, 2012, no known trends, events or uncertainties that are reasonably expected to have impact on sales, revenues and income from continuing operations except for those being disclosed in the 9-months of 2012 financial statements.

U. Significant elements of income or loss that did not arise from continuing operations.

None.

V. Causes for any material change/s from period to period in one or more line items of the financial statements.

None.

W. Seasonal aspects that had material effect on the financial condition or results of operations.

None.

X. Disclosures not made under SEC Form 17-C.

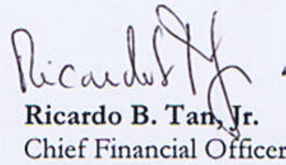
None.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

Vista Land & Lifescapes, Inc.
Issuer

By:



Ricardo B. Tan, Jr.
Chief Financial Officer

Date: November 14, 2012